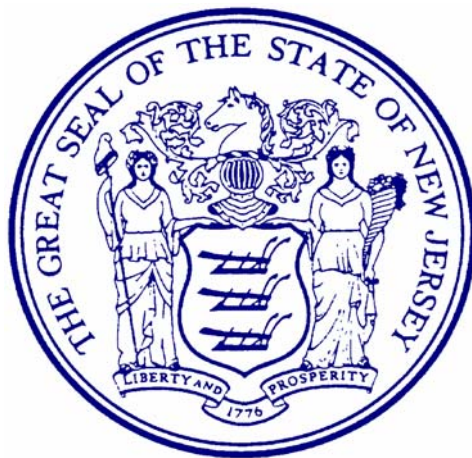


**BOARDWALK REGENCY CORPORATION
QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2006

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

BOARDWALK REGENCY CORPORATION

BALANCE SHEETS

AS OF MARCH 31, 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	20__ (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$24,334	
2	Short-Term Investments.....		0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2006, \$ 9,537; 20__, \$).....	2	78,845	
4	Inventories	1	1,263	
5	Other Current Assets.....	3	24,233	
6	Total Current Assets.....		128,675	0
7	Investments, Advances, and Receivables.....	4	13,503	
8	Property and Equipment - Gross.....	5 & 1	673,889	
9	Less: Accumulated Depreciation and Amortization.....		(18,159)	
10	Property and Equipment - Net.....		655,730	0
11	Other Assets.....	6 & 1	556,832	
12	Total Assets.....		\$1,354,740	\$0
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$21,593	
14	Notes Payable.....	7	0	
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....	10	0	
16	External.....	11	34	
17	Income Taxes Payable and Accrued.....	1	6,005	
18	Other Accrued Expenses.....	8	34,427	
19	Other Current Liabilities.....	9 & 1	31,068	
20	Total Current Liabilities.....		93,127	0
	Long-Term Debt:			
21	Due to Affiliates.....	10	518,330	
22	External.....	11	628	
23	Deferred Credits	1	141,313	
24	Other Liabilities.....		6,763	
25	Commitments and Contingencies.....		0	
26	Total Liabilities.....		760,161	0
27	Stockholders', Partners', or Proprietor's Equity.....		594,579	
28	Total Liabilities and Equity.....		\$1,354,740	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	20__ (d)
	Revenue:			
1	Casino.....	1	\$126,672	
2	Rooms.....		9,130	
3	Food and Beverage.....		15,141	
4	Other.....		4,325	
5	Total Revenue.....		155,268	0
6	Less: Promotional Allowances.....	1	33,055	
7	Net Revenue.....		122,213	0
	Costs and Expenses:			
8	Cost of Goods and Services.....		79,224	
9	Selling, General, and Administrative.....		7,521	
10	Provision for Doubtful Accounts.....		583	
11	Total Costs and Expenses.....		87,328	0
12	Gross Operating Profit.....		34,885	0
13	Depreciation and Amortization.....	1	10,126	
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	
15	Other.....	12 & 1	2,194	
16	Income (Loss) from Operations.....		22,565	0
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	7 & 10	(10,864)	
18	Interest Expense - External.....	11	(128)	
19	CRDA Related Income (Expense) - Net.....	1	(861)	
20	Nonoperating Income (Expense) - Net.....	13 & 1	(143)	
21	Total Other Income (Expenses).....		(11,996)	0
22	Income (Loss) Before Taxes and Extraordinary Items.....		10,569	0
23	Provision (Credit) for Income Taxes.....	1	4,992	
24	Income (Loss) Before Extraordinary Items.....		5,577	0
	Extraordinary Items (Net of Income Taxes -			
25	20__, \$0; 20__, \$0).....			
26	Net Income (Loss).....		\$5,577	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2005.....		100	\$1,370	0	\$0	\$569,133	\$0	\$18,499	\$589,002
2	Net Income (Loss) - 20__.....									0
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6										0
7										0
8										0
9										0
10	Balance, December 31, 2005.....		100	1,370	0	0	569,133	0	18,499	589,002
11	Net Income (Loss) - 2006.....								5,577	5,577
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15										0
16										0
17										0
18										0
19	Balance, March 31, 2006		100	\$1,370	0	\$0	\$569,133	\$0	\$24,076	\$594,579

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	20__ (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$13,203	\$0
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	
3	Proceeds from the Sale of Short-Term Investments		0	
4	Cash Outflows for Property and Equipment.....		(13,893)	0
5	Proceeds from Disposition of Property and Equipment.....		(27)	
6	CRDA Obligations		(1,602)	
7	Other Investments, Loans and Advances made.....		0	
8	Proceeds from Other Investments, Loans, and Advances		240	
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(15,282)	0
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....			
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21				
22	Borrowings/Payments of Intercompany Payable		(5,033)	
23	Net Cash Provided (Used) By Financing Activities.....		(5,033)	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(7,112)	0
25	Cash and Cash Equivalents at Beginning of Period.....		31,446	
26	Cash and Cash Equivalents at End of Period.....		\$24,334	\$0
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$10,992	
28	Income Taxes.....		\$4,992	

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2006 (c)	20__ (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$5,577	
30	Depreciation and Amortization of Property and Equipment.....		6,623	
31	Amortization of Other Assets.....		3,503	
32	Amortization of Debt Discount or Premium.....		0	
33	Deferred Income Taxes - Current		105	
34	Deferred Income Taxes - Noncurrent		3,626	
35	(Gain) Loss on Disposition of Property and Equipment.....		135	
36	(Gain) Loss on CRDA-Related Obligations.....		742	
37	(Gain) Loss from Other Investment Activities.....		119	
38	(Increase) Decrease in Receivables and Patrons' Checks		242	
39	(Increase) Decrease in Inventories		(90)	
40	(Increase) Decrease in Other Current Assets.....		(1,893)	
41	(Increase) Decrease in Other Assets.....		(7,690)	
42	Increase (Decrease) in Accounts Payable.....		5,668	
43	Increase (Decrease) in Other Current Liabilities		(3,576)	
44	Increase (Decrease) in Other Liabilities		112	
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....		\$13,203	\$0

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$13,893)	
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$13,893)	\$0
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	162,530	\$7,068		
2	Food	425,452	7,243		
3	Beverage	1,270,553	4,107		
4	Travel			5,648	2,452
5	Bus Program Cash	163,755	3,127		
6	Other Cash Complimentaries	272,410	9,624		
7	Entertainment	8,347	533	5,910	521
8	Retail & Non-Cash Gifts	41,704	818	29,433	4,148
9	Parking	434,704	435	229,520	688
10	Other	531	100	40,487	721
11	Total	2,779,986	\$33,055	310,998	\$8,530

FOR THE THREE MONTHS ENDED MARCH 31, 2006

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	162,530	\$7,068		
2	Food	425,452	7,243		
3	Beverage	1,270,553	4,107		
4	Travel			5,648	2,452
5	Bus Program Cash	163,755	3,127		
6	Other Cash Complimentaries	272,410	9,624		
7	Entertainment	8,347	533	5,910	521
8	Retail & Non-Cash Gifts	41,704	818	29,433	4,148
9	Parking	434,704	435	229,520	688
10	Other	531	100	40,487	721
11	Total	2,779,986	\$33,055	310,998	\$8,530

BOARDWALK REGENCY CORPORATION STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2006

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

May 15, 2006

Date



Controller

Title

7091-11

License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION

Casino Licensee

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the “Company”), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. (“CNJ”), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino (“CAC”) in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. (“CWI”), a Florida corporation, and CWI is a wholly owned subsidiary of Harrah’s Operating Company, Inc. (“HOC”). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

Prior to June 13, 2005, the Company was 100% owned by Caesars Entertainment, Inc. (“CEI”). On June 13, 2005, Harrah’s Entertainment, Inc. (“Harrah’s”) completed the acquisition of 100 percent of the outstanding shares of CEI. Following the purchase, the Company became an indirect wholly-owned subsidiary of HOC.

In conjunction with the acquisition, total equity was adjusted to the purchase price assigned to the Company, retained earnings of the Company were eliminated and the assets and liabilities of the Company were adjusted to fair value with goodwill recorded for the excess of the purchase price over the fair value of the net tangible and intangible assets. Harrah’s determined the estimated fair values based on independent appraisals, discounted cash flows, quoted market prices and estimates made by management. The purchase price allocation is in process and will be completed within one year of the acquisition; thus, the allocation of the price is subject to refinement. The following table summarizes the estimated fair value of the Company’s assets acquired and liabilities assumed at the date of acquisition (in thousands):

Current assets	\$ 45,691
Land, buildings and equipment	632,230
Other assets	42,248
Due from affiliates (net)	42,797
Goodwill	253,512
Intangible assets	<u>273,000</u>
Total assets acquired	<u>\$ 1,289,478</u>
Current liabilities	\$ 66,788
Deferred income taxes	126,773
Other liabilities	6,422
Long-term debt	<u>518,992</u>
Total liabilities assumed	<u>\$ 718,975</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected on December 31, 2005 and in its statement of operations for the three months and twelve months ended December 31, 2005 and in its statement of cash flows for the twelve months ended December 31, 2005. The operations of the Company for the periods prior to June 13, 2005 are considered the "Predecessor Company." The operations of the Company for the period from June 14, 2005 are referred to in these financial statements as the "Company." The Company's balance sheet, statements of income and statements of cash flow are not comparable to the Predecessor Company and are not presented here. For information on prior year, please refer to the Quarterly Report at March 31, 2005. The Company has assumed all of the Predecessor Company's obligations.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2006 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue Recognition

Casino revenues consist of net gaming wins. Food and beverage and rooms revenues include the aggregate amounts generated by those departments.

Casino Promotional Allowances

Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as Casino expenses in the accompanying Statements of Income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Property and equipment

Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$6,623 for the three months ended March 31, 2006.

<u>Asset class</u>	<u>Life</u>
Land improvements	12 years
Building and improvements	30-40 years
Furniture, Fixtures and Equipment	3-10 years

On November 28, 2005, the Company entered into an agreement to sell a 7.7 acre parcel of land, known as the Traymore Lot, to an unrelated third party. The value of the land was adjusted to its fair value through the purchase price allocation.

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, the Company performs at least an annual review of goodwill and non-amortizing intangibles. The purchase price allocation related to the CEI acquisition is in process and will be completed within one year of the acquisition; thus, the allocation of the purchase price is subject to refinement. The Company completed its annual assessment for impairment during the fourth quarter of 2005 and determined that goodwill and non-amortizing intangible assets had not been impaired. In accordance with the provisions of SFAS No. 142, the Company does not amortize goodwill.

The intangible assets include trademark totaling \$63 million and customer relationships (database) totaling \$210 million. The trademark has been determined to have an indefinite life and accordingly is not amortized. The customer relationships have been determined to have a useful life of 15 years and are being amortized using the straight-line method. Amortization expense for the three months ended March 31, 2006, was approximately \$3.5 million. Based on the value allocated to amortizing intangibles as of March 31, 2006 per the preliminary purchase price allocation, estimated annual amortization expense for each of the years ending December 31, 2006, 2007, 2008, 2009, and 2010, is approximately \$14 million.

Connection Card Program

The Connection Card Program offers incentives to customers who gamble at Caesars casinos. Under the program, customers are able to accumulate, or bank, credits over time that they may redeem at their discretion under the terms of the program. The credit balance will be forfeited if the customer does not use the credit over the prior one-year period. The estimated incremental costs of the goods or services to be provided when the credits are redeemed, after consideration of estimated breakage, are expensed as the credits are earned. To arrive at the estimated costs associated with the

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals.

The amount accrued for the costs of anticipated credit redemptions was approximately \$7.4 million as of March 31, 2006.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2006.

Accounting Pronouncements

There were no accounting standards issued in the first quarter of 2006 that are expected to materially impact the Company.

Income taxes

The Company is included in the consolidated federal tax return of Harrah's and files a separate New Jersey tax return. The provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for state taxes is based on the statutory New Jersey tax.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

The twelve Atlantic City casino properties (the “AC Industry”) and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the “NJSEA”) to provide funding to subsidize New Jersey’s horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide \$34 million over a four year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property’s investment obligation. The Company’s obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of \$3,700, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

NOTE 2 – RECEIVABLES AND PATRONS’ CHECKS

Receivables and patrons’ checks as of March 31 consist of the following:

	<u>2006</u>
Casino receivables (net of allowance for doubtful accounts – 2006, \$9,333)	\$ 13,565
Other (net of allowance for doubtful accounts – 2006, \$204)	6,631
Due from Harrah’s	58,196
Due from affiliates	453
	<u>\$78,845</u>

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	<u>2006</u>
Tax Deferred Asset	\$ 16,087
Prepaid Real Estate Taxes	5,717
Other	<u>2,429</u>
	<u>\$24,233</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Amended

7-19-06

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31 consist of the following:

	<u>2006</u>
CRDA deposits	\$ 12,849
CRDA bonds receivable	6,496
CRDA Long-term note receivable	803
Other, net	<u>-</u>
	20,148
Less: valuation allowance on CRDA investments	<u>(6,645)</u>
	<u>\$ 13,503</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consist of the following:

	<u>2006</u>
Land	\$ 85,578
Buildings and improvements	438,698
Furniture, fixtures and equipment	68,705
Asset held for sale	58,240
Construction in progress	<u>22,668</u>
	673,889
Less accumulated depreciation and amortization	<u>(18,159)</u>
	<u>\$ 655,730</u>

See Note 1 for discussion of asset revaluation

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 – OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2006</u>
Goodwill	\$ 253,512
Customer database, less accumulated amortization of \$11,161	198,839
Trademark	63,000
Deferred Lease Incentive	33,060
CRDA Investment	4,239
CRDA Seat License	3,675
Other, net	507
	<u>\$ 556,832</u>

During May 2003, the Company entered into an agreement to lease the Pier at Caesars (the “Pier”) to developers for an initial term of 75 years. The 75 year term commences upon completion of the Pier’s construction which is currently expected to be in 2006. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the developers.

As financing for the qualified pier development costs, the Company and certain of its Atlantic City affiliates entered into a credit agreement (the “Credit Agreement”) with the CRDA. The Credit Agreement provides for funding from the CRDA of up to \$33,000 for qualified development costs. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company’s and its affiliates’ investment obligations. Repayments to the developers are limited to the funds received from the CRDA. As of December 31, 2005, the Company has received \$4,879 of previously deposited funds from the CRDA.

As of March 31, 2006, the Company repaid the developers approximately \$33,000 through CRDA funds previously deposited by an affiliate. These payments are considered lease incentive payments and will be amortized over the life of the lease.

See Note 1 for discussion of Goodwill and Other Intangible Assets.

NOTE 7 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Caesars Entertainment Finance Corporation (CEFC), a wholly owned subsidiary of CEI. At March 31, 2006, there was no outstanding balance.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	<u>2006</u>
Accrued payroll and benefits	\$ 9,801
Total Rewards/Connection Card liability	7,439
Unredeemed slot promotions liability	1,591
Real estate taxes	3,136
Other	<u>12,460</u>
	<u>\$ 34,427</u>

See Note 1 for discussion of Connection Card Liability

NOTE 9- OTHER CURRENT LIABILITIES

Other current liabilities as of March 31 consist of the following:

	<u>2006</u>
Due to Bally's Atlantic City	\$ 25,822
Due to Affiliates, other	2,866
Unredeemed chip and token liability	1,790
Other	<u>590</u>
	<u>\$31,068</u>

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of March 31, 2006 consists of a CEFC note due December 31, 2010 at 8.50%.

NOTE 11 - LONG-TERM DEBT, OTHER

Long-term debt, other as of March 31 consists of the following:

	<u>2006</u>
Mortgage Note due October 15, 2011	
Interest at 10.0%	\$ 662
Less: current maturities	<u>(34)</u>
	<u>\$ 628</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The Company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

Cash Activity with HOC and Affiliates

The Company transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Company are also made based upon the needs to the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. In addition, the Company transfers cash to HOC to reimburse HOC for payroll costs of certain HOC employees who provide services to the Company. No interest is earned on the amount shown as due from affiliates, net, in the accompanying financial statements.

Administrative and Other Services

Harrah's allocates certain expenses to the Company, such as information technology, internal audit and risk management. These expenses are allocated using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable. The Company was allocated \$2,194 for these services for the three months ended March 31, 2006.

NOTE 13 – NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended March 31 consists of the following:

	<u>2006</u>
Interest income	\$ 159
Demolition expense	(167)
Gain (loss) on disposal of equipment	<u>(135)</u>
	<u>\$ (143)</u>